

# Armed Forces retired pay, pensions etc

## Introduction

1. This Supplementary Estimate is required for the following purposes:

		Amount (£)	
		<u>Increases</u>	<u>Reductions</u>
<b><u>Changes in resources</u></b>			
<b>RfR 1: Armed Forces retired pay, pensions etc</b>			
<u>Section</u>	<u>Reason for change</u>		
<b><u>Changes in AME forecasting</u></b>			
A3	Increase in grants to reflect the latest forecast of outturn.	488,429,000	-
A5	Decrease in appropriations in aid to reflect the latest forecast of outturn.	11,571,000	-
		<u>Total</u>	-
		500,000,000	-
		<b>Total change in resources for RfR1</b>	<b>500,000,000</b>
		<b>Total change in resources for Estimate</b>	<b>500,000,000</b>

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £150,000,000.

3. Symbols are explained in the Introduction to this booklet.

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# Armed Forces retired pay, pensions etc

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## Part I

	£
<b>RfR 1: Armed Forces retired pay, pensions etc</b>	<b>500,000,000</b>
Total additional net resource requirement	500,000,000
<b>Additional net cash requirement</b>	<b>150,000,000</b>

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SUPPLEMENTARY amounts required in the year ending 31 March 2008 for expenditure by the Armed Forces retired pay, pensions etc on:

### **RfR 1: Armed Forces retired pay, pensions etc**

Payment of retired pay, pensions and lump sums benefits and associated non-cash items to persons covered by the scheme.

The **Ministry of Defence** will account for this Estimate.

## Part II: Changes proposed

						£'000
Resources		Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
<b>RfR 1: Armed Forces retired pay, pensions etc</b>						
<b>Spending in Annually Managed Expenditure (AME)</b>						
<i>Central Government spending</i>						
RfR 1 - A	Retired pay, pensions and other payments to service personnel and their dependants	5,095,638	488,429	-11,571	500,000	5,595,638
	<b>Total RfR 1</b>		<b>488,429</b>	<b>-11,571</b>	<b>500,000</b>	
	<b>Total Changes to RfRs</b>		<b>488,429</b>	<b>-11,571</b>	<b>500,000</b>	

		£000		
		Present Provision	Change in Provision	New Provision
<b>Capital and Cash</b>				
	Total Capital Expenditure	-	-	-
	Non-Operating A in A	-	-	-
	<b>Net cash requirement</b>	<b>1,689,057</b>	<b>150,000</b>	<b>1,839,057</b>

**Part II: Revised subhead detail including additional provision**

Resources						Capital		£'000
1	2	3	4	5	6	7	8	
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A	
<b>RfR 1: Armed Forces retired pay, pensions etc</b>								
-	-	7,054,317	7,054,317	1,458,679	5,595,638	-	-	
<b>Spending in Annually Managed Expenditure (AME)</b>								
<i>Central Government spending</i>								
A Retired pay, pensions and other payments to service personnel and their dependants								
-	-	7,054,317	7,054,317	1,458,679	5,595,638	-	-	
<b>Total for Estimate:</b>								
-	-	7,054,317	7,054,317	1,458,679	5,595,638	-	-	

## Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+) Decrease (-)</u>	£'000 <u>Revised</u>
<b>Net Resource Requirement</b>	<b>5,095,638</b>	<b>500,000</b>	<b>5,595,638</b>
<b>Voted capital items</b>			
Capital	-	-	-
<i>Less:</i> Non-operating A in A	-	-	-
<b>Total net voted capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-	-	-
Depreciation	-	-	-
New provisions and adjustments to previous provisions	-6,541,865	-350,000	-6,891,865
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	90	-	90
Increase(-)/decrease (+) in creditors	-5,310	-	-5,310
Use of provisions	3,140,504	-	3,140,504
<b>Total accruals to cash adjustments</b>	<b>-3,406,581</b>	<b>-350,000</b>	<b>-3,756,581</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>1,689,057</b>	<b>150,000</b>	<b>1,839,057</b>

## Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

## Forecast Combined Revenue Account

	£'000
	2007-08 provision
<b>Net Programme Costs</b>	<b>5,595,638</b>
RfR1	
<i>of which:</i>	
Income	
Contributions received	1,457,647
Transfers in	1,030
Other income	2
<b>TOTAL INCOME</b>	<b>1,458,679</b>
Expenditure	
RfR1	
Increase in liability	2,220,799
Interest on scheme liability	4,722,518
Other expenditure	111,000
<b>TOTAL EXPENDITURE</b>	<b>7,054,317</b>
<b>Total Net Programme costs</b>	<b>5,595,638</b>
<b>Total Net Operating Cost</b>	<b>5,595,638</b>
<i>of which:</i>	
<b>Net Resource Requirement</b>	<b>5,595,638</b>
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-
<b>Resource Budget</b>	<b>5,595,638</b>

## Notes to the Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2007-08 Provision
<b>Net Resource Requirement (Estimates)</b>	<b>5,595,638</b>
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	-
Consolidated Fund extra receipts in the OCS	-
Other adjustments	-
<b>Net Operating Costs (Accounts)</b>	<b>5,595,638</b>
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	-
capital grants	-
European Union income related to capital grants	-
voted expenditure outside the budget	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
resource consumption of non departmental public bodies	-
unallocated resource provision	-
Other adjustments	-
<b>Resource Budget (Budget)</b>	<b>5,595,638</b>
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	-
Annually Managed Expenditure (AME)	5,595,638

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2007-08 Provision
<b>Net Voted Capital (Estimates)</b>	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	-
capital grants	-
European Union income related to capital grants	-
supported capital expenditure (revenue)	-
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	-
<b>Capital Budget (Budget)</b>	-
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	-
Annually Managed Expenditure (AME)	-

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## Notes to the Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

#### **Request for Resources 1**

Sir Bill Jeffrey, Permanent Head of the Department

Sir Bill Jeffrey as the Accounting Officer (AO) of the Armed Forces retired pay, pensions etc. has personal responsibility for the proper presentation of the scheme's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Armed Forces retired pay, pensions etc.

The responsibilities of an Accounting Officer are set out in chapter 3 of Managing Public Money. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims and objectives and should regularly review the effectiveness of that system.

## Notes to the Estimate (*continued*)

### Analysis of operating appropriations in aid (A in A)

	£'000
	2007-08 Provision
<b>RfR 1: Armed Forces retired pay, pensions etc</b>	
<b>Programme</b>	<b>1,458,679</b>
<i>of which:</i>	
Pension scheme related income	1,458,679
<b>Total RfR1</b>	<b>1,458,679 †</b>
<i>† Amount that may be applied as non-operating appropriations in aid in addition to the net total, arising from: accruing superannuation liability charges and pension enhancements and transfers into the Armed Forces Pension Scheme (AFPS).</i>	
<b>Total Operating A in A</b>	<b>1,458,679</b>

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**Notes to the Estimate (*continued*)****Cash which may be retained to offset expenditure****£'000**

Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid

1,458,679